

eums (25%) are the three financial sponsors of the undertaking.

HIGHLIGHTS OF OPERATIONS

As the Icon Sullivan Joint Venture, in which Rayrock has a 21.4% net interest, did not commence production until May, 1967, the Shareholders will note that income from this source is not reflected in the earnings figures for the 1967 fiscal year.

During the six month period the Chibougamau area mine recorded the treatment of 88,235 tons of ore averaging 3.4% copper. Preliminary development of the underground zone has resulted in the mining of lower grade fringe material, and consequently copper output for the last three months was significantly less than that reported for the first quarter of the period.

While efforts are presently being concentrated on the subsurface program, satisfactory progress is being made in stripping the overburden and caprock over the high grade No. 3 Open Pit Zone.

GENERAL

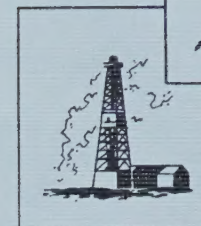
Since the issue of the Annual Report the Company has relinquished its 30% equity in the assets of the Redfort Syndicate for consideration of 128,500 shares of Fort Reliance Minerals Limited. Under a recent rights issue an additional 42,850 shares were acquired thus giving a total of 171,350 shares. Fort Reliance has important holdings in Gortdrum Mines and Cumont Mines, and is active in exploration.

Rayrock's 36% equity interest in Discovery Mines assumes growing importance as the probability of a higher gold price structure becomes more promising. With interests in several gold prospects Discovery is in an excellent position to benefit.

J. C. BYRNE

President and Managing Director

Toronto, Ontario
May 24, 1968



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RAYROCK MINES LIMITED

INTERIM REPORT

FOR SIX
MONTHS ENDED
APRIL 30, 1968

RAYROCK MINES LIMITED

Suite 1011
2200 Yonge Street
TORONTO, CANADA

TO THE SHAREHOLDERS:

We are pleased to present herewith an account of your Company's current exploration activities, operational highlights, a Consolidated Statement of Operations and a Statement of Source and Application of Funds, unaudited, for the six month period ended April 30, 1968.

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Six Months Ended April 30, 1968

	1968	Same Period 1967
SOURCE OF FUNDS		
Net profit for period	\$ 447,059	\$ 111,561
Amortization and depreciation of property and equipment	75,820	44,500
Increase in unexpended funds of mining exploration syndicates	11,115	—
Realization of sundry accounts receivable	9,222	—
	<u>543,216</u>	<u>156,061</u>
APPLICATION OF FUNDS		
Purchase of shares of other companies	145,265	16,211
Purchase of oil leases	105,000	330,525
Increase in share of non-current assets of Icon Sullivan Joint Venture	9,245	—
Purchase of mining claims	—	2,500
Purchase of well equipment	—	25,244
	<u>\$ 259,510</u>	<u>\$ 374,480</u>
Increase or decrease () in working capital	283,706	(218,419)
Working capital at beginning of period	752,504	776,890
Working capital at end of period	<u>\$1,036,210</u>	<u>\$ 558,471</u>

EXPLORATION

1968 will be the most extensive exploration year ever for Rayrock Mines as the Company will be represented in seven provinces and in the two territories. Complementing the search for minerals will be an increased participation in petroleum exploration.

CONSOLIDATED STATEMENT OF OPERATIONS

For the Six Months Ended April 30, 1968

	1967-1968	1966-1967
Operating Profit from Petroleum Operations	\$ 190,196	\$ 161,200
Operating Profit from Mining Operations	386,965	—
Investment Income	76,200	74,300
	<u>653,361</u>	<u>235,500</u>
Less Administrative and General Expense	35,592	33,225
OPERATING PROFIT BEFORE EXPLORATION AND WRITEOFFS	\$ 617,769	\$ 202,275
Less:		
Exploration Mining and Petroleum	69,150	46,214
Amortization and Depreciation Oil Leases and Well Equipment	43,120	44,500
Depreciation Mining Equipment	32,700	—
Net Profit before Provision for Taxes	\$ 472,799	\$ 111,561
Less:		
Provision for Mining Tax	25,740	—
NET PROFIT FOR THE SIX MONTHS	\$ 447,059	\$ 111,561
NET PROFIT PER SHARE	10¢	2.5¢
CASH FLOW FOR THE SIX MONTHS	\$ 522,879	\$ 161,061

In the Coppermine River area Rayrock, Conwest, Frobex and Canadian Faraday are jointly financing exploration of some 1,000 claims. The operating company is called Bernack Coppermine Exploration Limited.

In Eastern Canada the Newarex Syndicate, whose members are Rayrock, Faraday, Canadian Nickel, and Frobex, is supporting an airborne prospecting program for uranium occurrences.

In Quebec the Icon Syndicate promises to have another interesting year. Rayrock has been associated with this syndicate since its inception in 1960. The other three participants are Kerr Addison, Gunnar and Newmont.

In British Columbia a prospecting party will be active on behalf of Rayrock and Discovery Mines.

Your Company will be a partner in a new exploration concern that proposes to pursue field work in Canada and possibly elsewhere. Although details can not at this time be disclosed, it may be stated that the new venture will have the strong support of three prominent mining companies in addition to Rayrock Mines.

In the Rainbow-Zama Lake area of Northwestern Alberta, Rayrock, as one of six companies, is participating in a joint exploration venture. At a Crown land sale in April four quarter sections in Rainbow were purchased at a total cost of approximately \$1.1 million, which capital outlay was considered justified on the basis of very promising seismic results. Drilling of the acreage should commence shortly. Rayrock's net interest is 6.3%.

On the Micro nickel prospect in the Yukon Territory the program of dewatering and rehabilitating the mine workings, preparatory to commencement of underground drilling, is advancing satisfactorily. Limited surface drilling has significantly expanded the previously known nickel reserves. Discovery Mines (50%), Rayrock Mines (25%), and Pacific Petrol-

formed to carry out exploration in Australia. Other members of the consortium are Ashland Canadian Oils, Madsen Red Lake Gold Mines, Discovery Mines, Tundra Gold Mines, and Ranworth Explorations.

Geophysics is underway on an optioned copper prospect situated in the Kamloops region of British Columbia. A 51 per cent interest may be earned in the property.

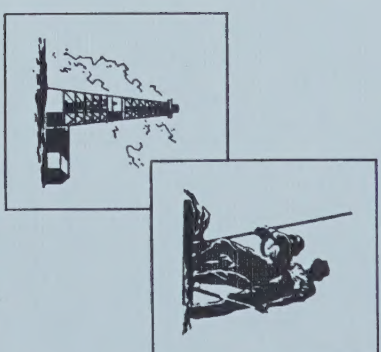
In the Dryden area of north-western Ontario ground follow-up has commenced on a large claim block. Your Company and Cerro Mining Corporation are each advancing the necessary exploration finances to earn a major interest in the project.

During the winter a geophysical and diamond drill program was initiated on a carbonate prospect in the James Bay region. Six drill holes failed to return values of economic importance. Columbium values which are commonly associated with such geological formations appeared in trace amounts only. Rayrock and two other companies financed the effort.

J. C. BYRNE

President and Managing Director

Toronto, Canada
June 23, 1970



RAYROCK MINES LIMITED

INTERIM REPORT

FOR SIX
MONTHS ENDED
APRIL 30, 1970

RAYROCK MINES LIMITED

Suite 1011
2200 Yonge Street
TORONTO, CANADA

To the Shareholders:

We present herewith the Consolidated Statement of Operations and Consolidated Statement of Source and Application of Funds, unaudited, for the six months ended April 30, 1970 together with an account of your Company's activities during this period.

CONSOLIDATED STATEMENT OF OPERATIONS
For the Six Month Period Ended April 30, 1970

	1970	1969
Operating profit from petroleum operations	\$ 170,295	\$ 191,483
Operating profit from mining operations	689,299	385,112
Investment income — including profits from sales of investments	46,813	70,581
	<u>\$ 906,407</u>	<u>\$ 647,176</u>
Less: Administrative and general expenses	32,930	35,131
Operating Profit before exploration and write-offs ..	\$ 873,477	\$ 612,045
Exploration — Mining and Petroleum	161,762	87,756
Amortization and depreciation of oil leases and well equipment	47,000	55,000
Depreciation Mining Equipment	49,000	35,000
	<u>\$ 615,715</u>	<u>\$ 434,289</u>
Net profit before provision for taxes	\$ 615,715	\$ 434,289
Less: Provision for mining taxes	70,500	28,862
Net Profit for six months ...	\$ 545,215	\$ 405,427
Net Profit per Share	\$ 0.12	\$ 0.09
Cash Flow for six months ..	\$ 641,215	\$ 495,427
Cash Flow per Share	\$ 0.14	\$ 0.11

Net profit of \$545,215 was 34 per cent higher than that of the corresponding period of 1969. Strong copper prices experienced by the Icon Sullivan Joint Venture were responsible for the improvement. Exploration expenditures recorded a substantial increase.

INTERIM CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the Six Month Period Ended April 30, 1970

	1970	1969
Source of Funds		
Net profit for the period ..	\$ 545,215	\$ 405,427
Amortization and depreciation of property ...	96,000	90,000
Other charges in statement of operations but not requiring a disbursement of funds	6,693	11,678
Realization of sundry accounts receivable	10,218	5,445
	<u>\$ 658,126</u>	<u>\$ 512,550</u>
Application of Funds		
Purchase of shares of other companies	\$ 276,883	\$ 110,331
Purchase of oil leases ...	2,957	2,958
Purchase of mining claims	—	5,000
Increase in share of non-current assets of Icon-Sullivan Joint Venture.	170,149	3,231
Purchase of head office furniture	—	538
	<u>\$ 449,989</u>	<u>\$ 122,058</u>
Increase in working capital ..	\$ 208,137	\$ 390,492
Working capital at beginning of period	\$1,877,865	\$ 968,763
	<u>\$2,086,002</u>	<u>\$1,359,255</u>

ICON SULLIVAN JOINT VENTURE

A total of 105,838 dry tons of ore grading 3.2 per cent copper was milled by the Icon Sullivan Joint Venture for the six month period ended April 30th. Rayrock's net interest in the operation is 21.4 per cent.

Start-up of the preconcentrator was advanced during the first week of June, and this corresponds with the end of the three year tax-free period. This treatment plant is satisfactorily treating low grade material that would otherwise be rejected due to the cost of trucking ore a distance of 44 miles from the mine to the mill near Chibougamau.

Development is just getting started on the ore zone situated some 1,500 feet north-east of the underground workings.

PETROLEUM DIVISION

Operations of the petroleum division continue satisfactorily. The reason for the modest reduction in operating profit is the result of a price reduction in Rodney crude, and this was fully reported in the Annual Review.

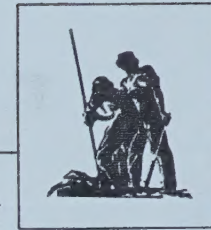
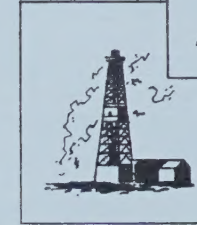
EXPLORATION

Winter drilling on the Caltor Syndicate claims in Manitoba did not produce anything of economic consequence. Several anomalies remain to be tested and additional exploration is likely. Rayrock, Ashland Canadian Oils, and Canadian Industrial Gas & Oil are equal participants in the Caltor Syndicate which is currently prospecting in the Yukon Territory.

Rayrock is a participant in a syndicate recently

STATEMENT OF SOURCE AND
APPLICATION OF FUNDSFor the six month period ended April 30, 1972
(with 1971 figures for comparison)

	1972	1971
SOURCE OF FUNDS		
Net Profit for the period	\$ 221,551	\$ 172,758
Amortization, depreciation and other non-cash charges	83,300	100,886
Decrease in unexpended funds in mining syndicate	—	3,407
Realization of sundry accounts receivable	4,950	—
Decrease in share of non-cur- rent assets of Icon-Sullivan Joint Venture	—	92,798
Sale of investments (net) ...	9,775	—
	<u>\$ 319,576</u>	<u>\$ 369,849</u>
APPLICATION OF FUNDS		
Purchase of investments	—	326,479
Purchase of equipment	175	—
Increase in share of non-cur- rent assets of Icon-Sullivan Joint Venture	8,108	—
Advance to mining exploration syndicate	—	75,000
Increase in unexpended funds of mining syndicate	1,658	—
	<u>\$ 9,941</u>	<u>\$ 401,479</u>
Increase (decrease) in working capital	\$ 309,635	\$ (31,630)
Working capital at beginning of period	1,650,539	1,770,930
Working capital at end of period	<u>\$1,960,174</u>	<u>\$1,739,301</u>



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**RAYROCK
MINES**
LIMITED

**INTERIM
REPORT**FOR SIX
MONTHS ENDED
APRIL 30, 1972

will be initiated shortly. Some exploration continues in the Chibougamau district.

The Cordex Syndicate has commenced exploration drilling on a recently acquired gold-tungsten prospect in Nevada. This acquisition adjoins ground on which earlier work by the Syndicate resulted in the discovery of two low grade gold deposits which are amenable to open pit mining. The significant improvement in the free market gold price during the past several months augurs well for their eventual development. Drilling has commenced on an Alaskan copper prospect which Cordex optioned to Oglebay-Norton Company.

The Caltor Syndicate will be concentrating its summer efforts in British Columbia and in the Yukon. Drilling thus far on a large claim group in Ontario's Thunder Bay district has not disclosed anything of importance.

As at April 30, 1972 Rayrock had a working capital of \$1,960,174. In addition, investments in listed securities had a market value of \$2,575,000.

Through a 43 per cent equity in Discovery Mines, your Company has an indirect interest in the Avoca Mines' copper operation in Ireland, and in several gold prospects of merit. It is important to note that the free market gold price has advanced some 38 per cent since the first of the year to the present price of \$60 per ounce. We are optimistic that one or more of the gold properties will eventually prove to be economically viable.

J. C. BYRNE
President and Managing Director

Toronto, Canada
June 6, 1972

Suite 1011
2200 Yonge Street
TORONTO, CANADA

To the Shareholders:

We present herewith the six months report of your Company for the period ended April 30, 1972.

Net earnings were \$221,551 or 5.0 cents per share and cash flow was \$304,851, equivalent to 6.8 cents per share. The financial results are an improvement over those for the similar period of 1971 due primarily to a significant increase in mine income.

Operations of the Icon Sullivan Joint Venture, in which a 23.75 per cent interest is held, continued normally. A total of 106,134 dry tons of ore averaging 3.06 per cent copper was milled to produce some 6.3 million pounds in concentrate having an estimated gross value of \$3,155,000. Average mill recovery was 97.7 per cent. Recent surface drilling has added some new ore to reserves.

The Petroleum Division recorded a satisfactory performance from the three waterflood units which it operates. Current daily oil production is 675 barrels of which 425 barrels are for Rayrock's account.

As reported at the Annual Meeting in March, the Company's 1972 exploration expenditures will approximate \$250,000, most of which will be allocated to a joint venture and to three syndicate participations.

Rayrock is a participant in a prospecting joint venture which last year initiated preliminary investigation of a large area in the Yukon; several mineral showings were discovered, some of which will be further evaluated this summer.

The Icon Syndicate has conducted an airborne survey in Northern Ontario, and a ground follow-up program

STATEMENT OF OPERATIONS

For the six months ended April 30, 1972
(with 1971 figures for comparison)

	1972	1971
Operating profit from Petroleum Operations	\$ 160,119	\$ 164,205
Operating profit from Mining Operations	198,000	121,098
Investment Income — including profits from sales of investments	103,958	100,070
Less: Administrative and general expenses	\$ 462,077	\$ 385,373
	40,133	32,012
Operating profit before exploration and write-offs	\$ 421,944	\$ 353,361
Exploration — Mining and Petroleum	\$ 104,978	\$ 74,967
Amortization and depreciation of oil leases and well equipment ..	43,000	46,886
Depreciation Mining Equipment ..	40,300	54,000
	\$ 188,278	\$ 175,853
Net Profit before provision for taxes	\$ 233,666	\$ 177,508
Less: Provision for mining taxes ..	12,115	4,750
Net Profit for the period	\$ 221,551	\$ 172,758
Net Profit per share	5¢	4¢
Cash flow for the period	\$ 304,851	\$ 273,644

RAYROCK MINES LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended April 30, 1973
(with 1972 figures for comparison)

	1973	1972
Operating profit from Petroleum Operations	\$ 150,310	\$ 160,119
Operating profit from Mining Operations	214,582	198,000
Investment Income—including profit from sales of investments	106,112	103,958
	<u>\$ 470,783</u>	<u>\$ 462,077</u>
Less: Administrative and General Expenses	46,582	40,133
Operating Profit before exploration and write-offs	\$ 424,201	\$ 421,944
Exploration—Mining and Petroleum	131,995	104,978
Amortization and depreciation of oil leases and well equipment	30,000	43,000
Depreciation—mining equipment	30,000	40,300
	<u>\$ 191,995</u>	<u>\$ 188,278</u>
Net Profit before provision for taxes	\$ 232,206	\$ 233,666
Less: Provision for mining taxes	6,400	12,115
Net Profit for the period	<u>\$ 225,806</u>	<u>\$ 221,551</u>
Net Profit per share	<u>5.0¢</u>	<u>5.0¢</u>
Cash Flow for the period	\$ 285,806	\$ 304,851

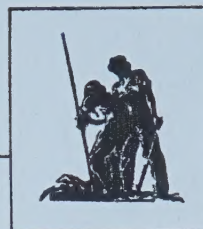
STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the six month period ended April 30, 1973
(with 1972 figures for comparison)

SOURCE OF FUNDS	1973	1972
Net Profit for the period	\$ 225,806	\$ 221,551
Amortization, depreciation and other non-cash charges	60,000	83,300
Decrease (Increase) in unexpended funds in mining syndicate	23,478	(1,658)
Realization of sundry accounts receivable	—	4,950
Decrease (Increase) in share of non-current assets of Icon-Sullivan Joint Venture	74,774	(8,108)
Sale of investments (net)	12,694	9,775
	<u>\$ 396,752</u>	<u>\$ 309,810</u>

APPLICATION OF FUNDS

Purchase of equipment	\$ 1,697	\$ 175
	<u>\$ 1,697</u>	<u>\$ 175</u>
Increase in working capital	\$ 395,055	\$ 309,635
Working capital at beginning of period	\$1,679,149	\$1,650,539
Working capital at end of period	<u>\$2,074,204</u>	<u>\$1,960,174</u>



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RAYROCK MINES

LIMITED

INTERIM REPORT

FOR SIX
MONTHS ENDED
APRIL 30, 1973

RAYROCK MINES LIMITED

Suite 1011

2200 Yonge Street
TORONTO, CANADA

To the Shareholders:

Net earnings of \$225,806 (5.0 cents per share) and cash flow of \$285,806 (6.4 cents per share) for the six months ended April 30, 1973, were little changed in comparison to the similar period of 1972.

* * *

Rayrock's 23.75 per cent interest in the Icon Sullivan Joint Venture yielded an operating profit of \$214,582. A copper price of 60 cents per pound was used in evaluating that production for which final smelter settlements are pending.

The Icon mine recorded a copper output of 5,572,000 pounds from the milling of 110,380 dry tons of ore averaging 2.6 per cent.

The surface exploration drill program initiated last January has not disclosed any new ore findings thus far. As at April 1, 1973 total recoverable, probable and possible ore reserves were 520,218 tons averaging 2.03 per cent copper.

* * *

Your Company has concluded a working option on a partially developed silver-lead-zinc prospect in the Slocan district of British Columbia. A minimum of \$120,000 will be expended by Rayrock in an underground and surface exploration program. Crews are now on the property.

* * *

Rayrock has also optioned the Echo Township gold prospect of Newlund Mines, which company is currently undergoing a capital reorganization and name change to Goldlund Mines Limited. The property is situated near Sioux Lookout in Northern Ontario. A mining plant is being installed, and dewatering of the mine workings has commenced to be followed by test stoping and bulk sampling designed to determine grade of potential mineable ore. The main mineralized occurrence is a

wide, steeply dipping granodiorite dike within which the gold values are erratically distributed. Surface exploration during the 1940's also disclosed important gold mineralization in two other localities on the property.

Rayrock has agreed to expend a minimum of \$165,000 over a one year period and, in the event an aggregate of \$765,000 is spent on the mining property within a 30-month interval, Rayrock may elect production; by arranging the necessary financing Rayrock would earn a 50 per cent undivided interest. In addition a significant equity in Goldlund can be earned through preproduction expenditures.

* * *

Rayrock participates in three major exploration syndicates which will focus their attention on the following areas during the coming months — the Icon Syndicate in Northern Ontario, the Caltor Syndicate in the Yukon and British Columbia, and the Cordex in Nevada and neighbouring states.

* * *

Reference the Rayrock (25%) — International Mogul (75%) joint venture, which is conducting a base metal search in the Porcupine Mining Division, we can report that ground geophysics has been completed and that drilling is scheduled for the forthcoming months.

* * *

As at April 30, 1973 Rayrock had a working capital of \$2,074,000 together with investments having a market value of approximately \$3,600,000. A major portion of the latter is in gold and silver equities, both South African and North American.

On Behalf of the Board,

J. C. BYRNE
President and Managing Director

Toronto, Canada
June 4, 1973

RAYROCK MINES LIMITED

CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended April 30, 1974
(with 1973 figures for comparison)

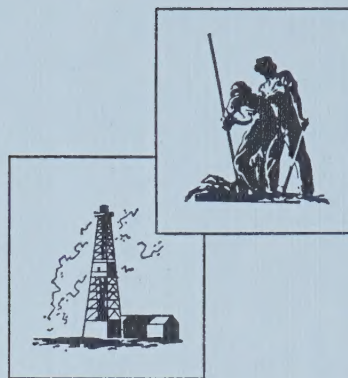
	1974	1973
Operating profit from Petroleum Operations	\$ 178,194	\$ 150,089
Operating profit from Mining Operations	311,308	214,582
Investment Income—including profit from sales of investments	236,343	106,112
	<u>\$ 725,845</u>	<u>\$ 470,783</u>
Less: Administrative and General Expenses	51,307	46,582
Operating Profit before exploration and write-offs	\$ 674,538	\$ 424,201
Exploration—Mining and Petroleum	\$ 275,667	\$ 131,995
Amortization and depreciation of oil leases and well equipment	25,000	30,000
Depreciation—mining equipment ..	23,500	30,000
	<u>\$ 324,167</u>	<u>\$ 191,995</u>
Net Profit before provision for taxes ..	\$ 350,371	\$ 232,206
Less: Provision for taxes	80,000	6,400
Net Profit for the period	<u>\$ 270,371</u>	<u>\$ 225,806</u>
Net profit per share	6.0¢	5.0¢
Cash Flow for the period	\$ 318,871	\$ 285,806

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(with 1973 figures for comparison)
For the six months ended April 30, 1974

SOURCE OF FUNDS	1974	1973
Net Profit for the period	\$ 270,371	\$ 225,806
Amortization, depreciation and other non-cash charges	48,500	60,000
Decrease in unexpended funds of mining syndicate	8,666	23,478
(Increase) Decrease in share of non-current assets of Icon-Sullivan Joint Venture	(5,482)	74,774
Decrease in investments (net)	—	12,694
	<u>\$ 322,055</u>	<u>\$ 396,752</u>
APPLICATION OF FUNDS		
Purchase of equipment	\$ 1,956	\$ 1,697
Increase in investments (net)	124,550	—
	<u>\$ 126,506</u>	<u>\$ 1,697</u>
Increase in working capital	\$ 195,549	\$ 395,055
Working capital at beginning of period	\$1,872,724	\$1,679,149
Working capital at end of period	<u>\$2,068,273</u>	<u>\$2,074,204</u>

Printed in Canada



RAYROCK MINES

LIMITED

INTERIM REPORT

FOR SIX
MONTHS ENDED
APRIL 30, 1974

RAYROCK MINES LIMITED

Suite 1011

2200 Yonge Street

TORONTO, CANADA

To the Shareholders:

All income sources registered increases in comparison to the corresponding six months of the previous year. Although exploration expenditures and provision for taxes are both substantially higher, net profit improved to \$270,371. Cash flow was \$318,871 equivalent to 7.1 cents per share.

As at April 30, 1974 Rayrock had a working capital of \$2,068,000 and investments having a market value of \$5.8 million.

* * *

Rayrock's Petroleum Division is receiving additional revenue for its crude oil production as a result of a general price increase that became effective April 1st.

* * *

Copper production from the Icon Sullivan Joint Venture mine was 5,147,000 pounds, contained in concentrate obtained from the milling of 99,531 tons of ore averaging 2.65 per cent in grade. Below average output was coincident with a lower grade cycle during the winter months. Earnings, nevertheless, improved over the corresponding 1973 period as a result of higher copper prices. Ore reserves will carry operations to near the end of the calendar year.

Rayrock's interest in the Joint Venture operation is 23.75 per cent.

* * *

The Cordex Syndicate, financed 25 per cent by Rayrock, has initiated additional metallurgical test work, design and cost studies leading to an early production decision on the Pinson gold deposit in northern Nevada. Open pit mining of the occurrence, containing 1.5 million tons averaging 0.18 ounces gold per ton, is expected to commence early in 1976.

Two other nearby gold deposits contain drill indicated reserves of 2.2 million tons of a lower grade and are both amenable to surface extraction.

The Syndicate will shortly begin its fifth year of exploration in the southwestern United States.

* * *

In concentrating its exploration efforts in north-western Ontario the Icon Syndicate is continuing its ground investigation of anomalies indicated by an airborne geophysical survey conducted last year and, in addition, is presently undertaking another aerial survey in the same general region.

On claims located near the Icon Sullivan mine a geochemical copper anomaly will be drill tested this summer.

* * *

Underground exploration was resumed in May on the optioned Reco Silver Mines property in the Slocan district of British Columbia. This summer's program is designed to investigate the depth potential of two mineralized shoots discovered during last year's work.

* * *

In the Yukon, Rayrock will participate in a soil geochemical survey, trenching and geological mapping on a gold prospect.

* * *

All Canadians should be seriously concerned by the current tax competition of the Federal and Provincial Governments. Resource companies find themselves in the centre of a squeeze play that could increase tax rates to 100 per cent of profit for some companies.

On behalf of the Board

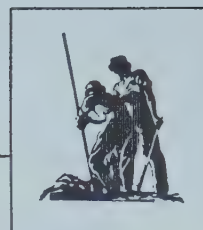
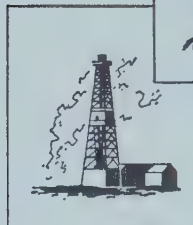
J. C. BYRNE
President and Managing Director

Toronto, Canada
June 4, 1974

RAYROCK MINES LIMITED

CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITIONFor the Six Months Ended June 30, 1977
(Unaudited)

SOURCES OF WORKING CAPITAL	1977	1976
Current operations —		
Earnings for the period ...	\$ 112,998	\$ 100,189
Add: Items which did not require the use of working capital —		
Deferred income taxes	61,000	63,000
Share of loss on equity method	19,025	6,817
Depreciation and amor- tization	48,010	60,000
Gain on sales of invest- ments	(28,273)	(32,331)
Loss on sale of mine equipment	28,417	—
	<u>241,177</u>	<u>197,675</u>
Proceeds on sale of investments	94,196	215,251
Proceeds on sale of equipment	43,583	—
Share of proceeds on sale of Icon Sullivan assets	—	47,500
	<u>378,956</u>	<u>460,426</u>
USE OF WORKING CAPITAL		
Purchase of equipment	1,264	—
Purchase of leasehold rights	154,625	137,378
Investments and advances ...	68,970	33,569
	<u>224,859</u>	<u>170,947</u>
Increase in working capital	154,097	289,479
Working capital — beginning of period	1,070,478	832,039
Working capital — end of period	<u>\$1,224,575</u>	<u>\$1,121,518</u>



Y RAYROCK
MINES
LIMITED

INTERIM
REPORT

FOR SIX
MONTHS ENDED
JUNE 30, 1977

RAYROCK MINES LIMITED

Suite 1011

2200 Yonge Street

TORONTO, CANADA

To the Shareholders:

Revenue from petroleum operations for the six months to June 30th was \$769,327 and should amount to \$1,600,000 for the current year. Net earnings to June 30th were \$112,998 and cash flow from operations totalled \$241,177. Working capital of the company was \$1,224,575 and marketable securities had a market value of \$1,800,000.

Oil and gas revenue from Alberta was 14 per cent of the total, while 86 per cent was contributed by Ontario output.

Our wholly-owned U.S. subsidiary, Rayrock Mines, Inc., is a member of a joint venture oil exploration project in Montana, managed by Orbit Oil & Gas of Tyler, Texas. Rayrock's contribution for 1977 will be approximately \$75,000. Two drill tests are scheduled for completion by year end under a program designed to cover eighteen months.

The regional uranium exploration project in the Northwest Territories, a joint venture with The Ryowa Uranium Development Corporation of Japan and Rayrock as operator, commenced in May. To date two claim groups have been staked to protect radioactive discoveries, and a uranium prospect has also been optioned.

Preliminary exploration will commence this fall on an optioned uranium prospect situated in New Brunswick. Drilling is contemplated for the forthcoming winter.

In the United States the Cordex Syndicate is conducting exploration programs in Nevada, Idaho, Montana and California. Uranium reconnaissance is underway in two of these States.

The Rayrock-Redstone joint venture owns 100 per cent of the mineral rights on 23,676 acres of land situated from 15 to 20 miles east of and on strike with the Exxon copper-zinc discovery in Northern Wisconsin. In addition, applications have been filed for prospecting permits on 17,000 acres of Federal lands in the intervening area. Several major mining companies have expressed interest in the mineral rights owned by the joint venture.

On behalf of the Board

J. C. BYRNE

President and Managing Director

Toronto, Canada

August 15, 1977

RAYROCK MINES LIMITED

CONSOLIDATED STATEMENT OF EARNINGS

For the Six Months Ended June 30, 1977

(Unaudited)

REVENUE	1977	1976
Revenue from petroleum operations	\$ 769,327	\$ 616,056
Investment income	117,390	100,526
	<u>886,717</u>	<u>716,582</u>
EXPENSES		
Cost of petroleum production ...	416,531	317,034
Administrative and general	78,753	81,729
Depreciation and amortization ..	48,010	60,000
	<u>543,294</u>	<u>458,763</u>
EARNINGS before the undernoted items	343,423	257,819
EXPLORATION EXPENDITURES	150,400	87,813
	<u>193,023</u>	<u>170,006</u>
INCOME TAXES — DEFERRED	61,000	63,000
	<u>132,023</u>	<u>107,006</u>
SHARE OF LOSS DETERMINED BY THE EQUITY METHOD	19,025	6,817
NET EARNINGS FOR THE PERIOD ...	<u>\$ 112,998</u>	<u>\$ 100,189</u>
EARNINGS PER SHARE FOR THE PERIOD	<u>\$ 0.025</u>	<u>\$ 0.022</u>

milled. Net profit for the three months was \$108,772 which is equivalent to 4.0 cents per share.

EXPLORATION

Projects currently being supported include—

NICKEL — A working option on a nickel prospect situated about 250 miles northwest of Whitehorse in the Yukon Territory has been taken by Rayrock Mines and two other mining companies. The property had been subjected to a limited surface and underground work program some years ago during which time a modest tonnage of nickel bearing material was indicated. Exploration at the time was confined to the east bank of a river, and there is evidence that favourable conditions for ore deposition may extend for several hundred feet under the river and on the west bank. As a preliminary step in assessing the potential, a geophysical survey has just been completed which indicated two strong anomalies. Surface drilling is planned for the near future.

SILVER and URANIUM — Prospecting for silver and uranium will be carried out this year in the Northwest Territories.

GENERAL — Rayrock is currently engaged in a number of grubstake and joint exploration ventures across Canada.

FINANCIAL

Cash flow from the Petroleum Division and investment income for the six month period ending April 30th was \$216,944. Assets in cash, short term notes and investments are in excess of \$5 million.

J. C. BYRNE
President and Managing Director

Toronto, Ontario
June 12, 1967

AR44



*Mr. Galtman
Check to see
if listed*

RAYROCK MINES

LIMITED

file

PROGRESS REPORT

June 12, 1967

RAYROCK MINES LIMITED,

Suite 1011,
2200 Yonge Street,
TORONTO, CANADA.

TO THE SHAREHOLDERS:

Since the Company's fiscal year ended October 31, 1966, several important developments have transpired, two of which are expected to significantly enhance future income.

1. Encouraged by continued satisfactory performance of our petroleum operations in Southwestern Ontario, the purchase of interests in two producing oil fields has been negotiated.
2. The O'Sullivan Township copper property north of Chibougamau, Quebec, was recently brought into production, and its four sponsors, one of which is Rayrock Mines, are anticipating early profits.
3. Several exploration programs are being supported, with attention currently focused on an optioned nickel prospect in the Yukon Territory where previous work returned encouraging results.

PETROLEUM DIVISION

Since the Annual Report dated January 26, 1967, Rayrock has purchased a 10 per cent interest in the producing properties owned by Imperial Oil Limited in the Gobles field near Woodstock, Ontario. Rayrock now holds a 10 per cent interest in the entire Gobles field and acts as the operator of the field on a fee basis.

We have also negotiated the purchase, pending formal approval, of additional oil production located near the Rodney field at an attractive price.

These transactions will substantially increase your Company's cash flow from oil and gas production.

Oil sales to the Imperial Oil Refinery, Sarnia, for the six month period ending April 30, 1967,

were 81,177 barrels with a gross value of \$256,791.80. This included Rayrock's wholly owned production from the Rodney field, the working interest in the R & R Unit, Rodney, and the Gobles field. Net operating profit for the first half of the current fiscal year, November to April, was \$159,231.

MINERAL DIVISION

COPPER — Icon Syndicate

Production commenced the last week of May from the O'Sullivan Township copper property situated 40 miles north of Chibougamau in Northwestern Quebec, and initial performance is very satisfactory. Grade of ore milled to date exceeds the drill indicated grade. The Icon Syndicate members — Rayrock Mines Limited, Gunnex Limited, Kerr Addison Mines Limited and Newmont Mining Corporation of Canada Limited — each has equal participation in this new project called the Icon Sullivan Joint Venture. The ore is trucked to and milled at the plant of Merrill Island Mining Corporation. In addition to a toll charge of 50 cents per ton of ore milled, Merrill Island is to receive 10 per cent of the operating profit after retirement of capital costs and preproduction expenditures.

Ore reserves are 756,000 tons averaging 3.58 per cent copper. Initial production will be from one of two open pit zones which host one third of the reserves, while the balance will be mined by shallow underground methods employing trackless vehicles.

A profit to the group in the order of \$5 million is anticipated over the next three years.

The Icon Syndicate has a substantial exploration program underway again this year in the Chibougamau Area, Quebec.

GOLD — Discovery Mines Limited

Rayrock holds a 34.5 per cent share interest in Discovery Mines. During the first quarter ending March 31st, the Discovery Mine produced 13,645 ounces of gold from 21,922 tons



File

RAYROCK MINES

LIMITED

PROGRESS REPORT

JULY 15, 1966

RAYROCK MINES LIMITED,
Suite 1011,
2200 Yonge Street,
TORONTO, CANADA.

TO THE SHAREHOLDERS:

Several developments have occurred since our fiscal year end, October 31, 1965, all of which are important to the future of your Company. These are —

1. The discovery of a copper orebody in Northwestern Quebec.
2. Substantial increase in income at Discovery Mines — Rayrock holds 926,000 shares or 34 per cent of the issued capital.
3. Increased income from Petroleum Division.
4. Norita Quebec Mines (Radiore 52%, Amagami Mines 35%, Discovery 13%) has asked for a full feasibility study covering the cost of shaft sinking, surface plant and auxiliary facilities to mine a copper-zinc-silver orebody in the Matagami Lake area, Quebec. Rayrock holds 183,100 shares of Radiore.

COPPER — Icon Syndicate

Rayrock has a 25 per cent interest in the Icon Syndicate in partnership with Newmont Mining Corporation of Canada Limited, Kerr Addison Mines Limited and Gunnex Limited, the exploration arm of Gunnar Mining Limited.

A good grade copper (chalcopyrite) orebody has been found at shallow depth, average 70 feet, in an extensive flat dipping quartz dolomite formation in an area 40 miles north of Chibougamau in Northwestern Quebec where the Syndicate holds some 235 claims.

Indicated ore reserves in the Main Zone outlined by diamond drilling to date are

about 750,000 tons of 1.50 per cent copper after eliminating low grade sections. The Main Zone is still open to the southwest where the latest drill hole assayed 2.49 per cent copper over 8.9 feet. Diamond drilling on two other parts of the property has returned good grade copper intersections. One half mile to the northwest of the Main Zone a drill hole returned 3.98 per cent copper over 9.8 feet, and one quarter mile to the northeast four drill holes over a length of 1,000 feet returned a grade of 1.31 per cent copper for an average thickness of 14.4 feet. Further drilling is scheduled for both outlying zones; meantime fill-in drilling is being completed on the Main Zone. Two diamond drills are working.

Inexpensive mining methods can be used, both open pit and trackless mining, thus obviating the necessity of a shaft. No metallurgical problems are envisaged since this appears to be a free milling ore.

A number of other claim groups have been staked in the general area, most of them last year, to cover aerial anomalies. Ground checking located good copper-zinc mineralization on one claim group eight miles east of Chibougamau which is now being diamond drilled.

GOLD — Discovery Mines Limited

During the six month period ending June 30, 1966, the Discovery Mine milled 40,693 tons with a recovery of 33,259 fine ounces of gold, or an average of 0.83 ounces (\$31.42) per ton. Operating Profit for the period was \$538,621 or at a rate in excess of \$1,000,000 per year. Production, profits and tons milled were the best for any six month period in the past five years.

Rayrock increased its holdings of Discovery Mines by 47,000 shares since the last fiscal year end.

OIL — Rayrock Petroleum Division

Having acquired all oil reserves from its subsidiary, Elgin Petroleum Corporation, Rayrock now operates a profitable oil business. The Company has 63 producing oil wells in the Rodney Field, Ontario, and an interest in eight producing wells in Alberta.

Total oil production from the Rodney Field for the eight month period ending June 30, 1966, was 81,386 barrels or an average of 337 barrels per day with a gross value of \$257,180. This compares with an average production rate for the year ended October 31, 1965 of 321 barrels of oil per day. Operating profit of the Petroleum Division for the period was \$155,947. Current oil reserves are estimated to be sufficient for 20 years of operation at the present output.

COPPER-ZINC-SILVER —

Norita Quebec Mines Limited

A major exploration and development program is underway in the Matagami Lake area of Quebec. Radiore Uranium Mines (80%) and Discovery (20%) hold 51 claims in Isle Dieu Township. The eastern part of the property comprising 14 claims together with 18 adjacent claims, optioned from Amagami Mines, has been drilled with good results. Radiore and Discovery have now exercised their option as to the Amagami claims and a new company, Norita Quebec Mines Limited, has been incorporated, with Amagami to receive 35 per cent of the vendor's shares.

A feasibility report covering the cost of shaft sinking and underground development, surface plant and auxiliary facilities is being prepared.

Drilling on 37 claims in the western part of the property has indicated widespread copper values warranting follow-up exploration.

EXPLORATION

Projects currently underway include —

COPPER — Elgin Petroleum (Rayrock) holds a 25 per cent interest in a large group of claims in the Popelogan Brook area of New Brunswick, 70 miles west of Bathurst. A detailed geophysical survey, preparatory to drilling, is now being carried out by Augustus Exploration (25%), acting as operators. Other partners are Frobex and Pacific Petroleums, each holding a 25 per cent interest in the venture.

LEAD-ZINC-SILVER-COPPER — Redstone Mines, Fort Reliance Minerals and Elgin Petroleum (Rayrock) participate to the extent of 30 per cent each in the Redfort Prospecting Syndicate which owns 160 claims in the Watson Lake area, Yukon Territory. Exploration work, including aerial and ground geophysics, is currently underway.

LEAD-ZINC — A re-assessment is being made of the results from an I.P. Survey and diamond drilling carried out last year on Rayrock's own 8,100 acre property in the Sulphur Bay area of the Northwest Territories, 60 miles northwest of Pine Point.

BARITE — Botha Lake Mining Corporation Limited, a wholly owned subsidiary of Rayrock, has a barite prospect in the Northwest Territories which is associated with lead-zinc sulphides. Current work includes geological

mapping, rock trenching and sampling. There is a large demand for barite as a weighting material in drilling muds. This deposit is strategically located to serve the needs of the companies actively engaged in drilling potentially high pressure reservoirs in Northern Alberta, Northeastern British Columbia and the Northwest Territories.

In addition, Rayrock and associated companies are currently engaged in a number of grubstake and prospecting programs across Canada.

FINANCIAL

Cash and short term notes held by Rayrock at June 30, 1966 amounted to \$824,000. Investments in shares of listed companies had a market value of \$2,408,123 and a book value of \$1,726,136. Book value of unlisted securities was \$536,908.

Other investments as at June 30, 1966, were —

Oil Properties	\$887,543
Income Debentures (6%)	\$235,000

J. C. BYRNE,
President and Managing Director.

Toronto, Ontario,
July 15, 1966.

